



**Office of Superintendent of Public Instruction**  
K-12 Financial Resources

# **Implications of 2776: New Basic Education Funding Formula**

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June 14, 2010

# Overview

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- How did we get to 2776?
- Prototypical Schools
- Baseline values



# Schedule of Groups

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- Workgroups were established to address various issues and report back to the QEC and the Legislature.
  - Quality Education Council – Ongoing
  - Funding Formula – Reported 12/09
  - Data Governance – Ongoing
  - Levy – Initial Report due 6/30/11
- Yet to be started:
  - Compensation - Initial Report due 6/30/12



# SHB2776

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- Passed during the 2010 legislative session and implements the new funding structure for Basic Education as recommended by the QEC and the FFTWG.
- This funding method uses a prototypical school format to establish state funded staffing levels.



# Key Provisions of 2776

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- Establishes the new funding structure beginning September 2011.
- Establishes baseline values from current funding levels. (*new structure no new dollars*)
- Targets ending values for K-3 and MSOC.
- Establishes a poverty enhancement for schools with FRPL >50%; however does not implement.
- Establishes hold harmless provisions to current funding level.



# 2776 – Functional Structure

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- 2776 breaks out the funding structure into the three major functional areas of a school district:
  - Schools
  - District Wide Support
  - Administration



# For Allocation Purposes Only

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- SHB 2776 states the distribution formula shall be for allocation purposes only. Nothing requires school districts to maintain a particular classroom teacher to student ratio or other funded staff to student ratio.
- *Exception:* Funds allocated to categorical programs (Learning Assistance, Special Education, etc.), continue to be restricted for use in programs. Districts/Schools determine their own structure for delivery of those services.



# Accountability

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- Once implemented, the new funding model will require of OSPI/Districts the following comparisons:
  - Actual district staffing practices to the funded staff units by school and district level.
  - Actual district expenditures to funded levels (MSOC?)
- These comparisons can be used to inform future policy and legislative decisions for funding level changes.
- These comparisons shall be available on a public website.





# Prototypical School Funding Model



# 2776 –Prototype as a basis

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- Funding formulas are based upon a prototypical school and a prototypical class size.
  - Class sizes are different based upon grade and subject.
  - Planning time for teachers is acknowledged in determination of class size.
- Future legislation is expected to direct changes to funded class sizes and staff levels.



# What is Prototypical School?

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- Prototypical school is a fixed theoretical school size that is used for modeling purposes.
- As adopted in 2776 it is a scalable model.
  - I.E. As enrollment increases or decreases from prototypical size, the staff units change proportionately.



# Baseline Calculations

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- Convert the current 3 broad staff categories across 4 groups and 20+ focused classifications.

		Certificated Instructional	Classified	Certificated Administration
1	Classroom Teachers	X		
2	School Staff	X	X	X
3	District-Wide Support		X	
4	Central Administration		X	X

- FFTWG used actual staffing patterns (from S-275 data) to distribute current staffing ratios among the elements of prototypical school formulae.



# 2776: Prototypical School Size

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Category	Elementary (K-6)	Middle (7-8)	High (9-12)
Base Enrollment	400	432	600

- In reality, school configurations vary widely and are not always consistent with the Prototype model.
- Funding is generated based on the student grade level rather than a school's classification.
  - When 6<sup>th</sup> grade is part of the middle school, the 6<sup>th</sup> grade students generate staff at the elementary funding level.
  - When 9<sup>th</sup> grade is part of the middle school, the 9<sup>th</sup> grade students continue to generate staff at the high school funding level.



# Enrollment to be used

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- Prototype allocations will be calculated based on district-wide grade level enrollment.

## Exceptions: High Poverty Schools

- Enrollment and free and reduced price lunch percentages shall be calculated at the school level.
- SHB 2776: The omnibus appropriations act will define an average class size for schools where more than 50% of the students are eligible for free or reduced-price meals.
- Class size reductions in high poverty schools have not yet been established.
- Changes for school level enrollment will require changes to current data collections.



# 2776 – Prototypical Funded Class Size

Grade level	Class Size (Basic Ed)	Class Size (High Poverty School)
Grades K-3	25.23	Not Defined
Grade 4	27.00	Not Defined
Grades 5-6	27.00	Not Defined
Grades 7-8	28.53	Not Defined
Grades 9-12	28.74	Not Defined
CTE 7-8	26.57	Same
CTE 9-12	26.57	Same
Skills Centers	22.76	Same
Lab Science	Not Defined	Same
Advanced Placement	Not Defined	Same
International Baccalaureate	Not Defined	Same



# Class Size to Teacher Conversion

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Converting the funded Class Size to actual Teachers is complex and is based upon standard state assumptions about:

- student instructional hours per day
- teacher planning time
- instructional workload of each teacher





## Planning Time Reflects a Standard Assumed Workday

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- Teacher schedules are assumed to include planning time averaging: 13% elementary and 17% secondary
  - Elementary is based on assumed typical day; Secondary assumes 1 period out of 6 for planning time
  - Drives 15.5% and 20% increase in teachers respectively
- The percentages in the baseline assume the following instructional days
  - 5.6 hours in elementary, which equates to 1,008 hours over 180 days
  - 6 one-hour periods in middle and high schools, which equates to 1,080 hours over 180 days



# 2776: School Level Other Staffing

School Level Staffing	Elementary (K-6)	Middle (7-8)	High (9-12)	Staff Type
Base Enrollment	400	432	600	Student
Principals	1.253	1.353	1.880	CAS
Teacher Librarians	0.663	0.519	0.523	CIS
Guidance Counselors	0.493	1.116	1.909	CIS
<u>Health &amp; Social Services:</u>				
School Nurses	0.076	0.060	0.096	CIS
Social Workers	0.042	0.006	0.015	CIS
Psychologists	0.017	0.002	0.007	CIS
Teaching Assistance	0.936	0.700	0.652	CLS
Office Support	2.012	2.325	3.269	CLS
Custodians	1.657	1.942	2.965	CLS
Student & Staff Safety	0.079	0.092	0.141	CLS
Parent Involvement Coordinators	0.0	0.0	0.0	Not Defined



# 2776: CTE and Skills Centers

Career and Technical Education	Middle	High	Staff Type
Base Enrollment	100	100	Student
Certificated Administration	Not Defined	Not Defined	CAS
Teachers	4.516	4.516	CIS
Other Certificated Support	Not Defined	Not Defined	CIS

Skills Center Staffing	High	Staff Type
Base Enrollment	100	Student
Certificated Administration	Not Defined	CAS
Teachers	5.272	CIS
Other Certificated Support	Not Defined	CIS



# Policy Areas Ahead

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- Full implementation of 2776 requires various decisions about funding policies:
  - Poverty Enhancements
  - Lab Science Class Ratio
  - Advanced Placement/ International Baccalaureate



# District Level Funding



# 2776: District Wide Support

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District Wide Support	All Grades	Staff Type
Base Enrollment	1000	Student
Technology	0.628	CLS
Facilities, Maintenance, and Grounds	1.813	CLS
Warehouse, Laborers, and Mechanics	0.332	CLS



# 2776: Central Administration

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Central Administration	Percent	Staff Type
Total Central Admin Staff	5.3%	
Percent Certificated Administrators	25%	CAS
Percent Classified	75%	CLS

- Central Administration is 5.3% of staffing units generated as K-12 Teachers, School Level Staffing, and District Wide Support.
- The Central Administration percentage is NOT applied to poverty enhancement, Lab Science enhancement, AP/IB enhancement, CTE, Skills Center, or categorical program staffing.



# 2776: MSOC

Maintenance, Supplies, and Operating Costs	Per Student Starting \$\$	Target Values 2015-16 SY
Total MSOC per Student FTE	\$517.91	\$1,082.76
Technology	\$54.43	\$113.80
Utilities and Insurance	\$147.90	\$309.21
Curriculum and Textbooks	\$58.44	\$122.17
Other Supplies and Library Materials	\$124.07	\$259.39
Instructional Professional Development for Certificated and Classified Staff	\$9.04	\$18.89
Facilities Maintenance	\$73.27	\$153.18
Security and Central Office	\$50.76	\$106.12

- MSOC values for Lab Science, CTE Exploratory, CTE Preparatory, and Skills Centers will be defined in the omnibus appropriations act.





# MSOC

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- Maintenance, Supplies, and Operating Costs
- Transition is not cost neutral because districts have different proportions of K-3/4 to all other grades.
- Hold Harmless – Available.
- MSOC values will be adjusted for inflation from 2008-09 school year.



# 2776: Categorical Programs

Categorical Programs	Hours Per Week	Staff Type
Class Size	15	Student
Learning Assistance Program	1.5156	CIS
Transitional Bilingual Instruction	4.7780	CIS
Highly Capable	2.1590	CIS

- Calculated hours above are converted to staffing units assumptions.
- Assumes staff are allocated as teachers. These funds are dedicated to the specific programs, but are for allocation proposes within those programs.
- Staff generated for categorical programs do not contribute to the base for central administration staffing.



# Categorical Programs

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Transitional Bilingual Instructional Program (TBIP), Learning Assistance Program (LAP), and Highly Capable program:

- Have the same formula structure:
  - Extended time during the school year and during vacation
  - Represents a change for TBIP
- Remain Categorical Allocations:
  - Categorical; funds must be used for those programs.
  - Allocations; districts can design program structure within options permitted by governing statutes.



# Categorical Programs

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- LAP: Poverty and Bilingual concentration factors are not continued
  - hold harmless provided to those districts in lieu of continuation of that formula component.
- The QEC has requested an ad-hoc group convene to propose details for a new funding formula for LAP and TBIP.



# 2776: Special Education

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Special Education	Percent of Basic Ed and MSOC
Birth to Pre-Kindergarten	1.15
Kindergarten to age 21	.9309

- Special Education funding formula did not change.
- Any losses as a result of the transition to the new formula will be held harmless.



# Small Schools and Districts

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- All districts should be funded using the same prototypical school models. A small school and small district allocation will be articulated with the same ratios for staff units and non-employee cost allocations as currently exists. Districts will receive the greater of the two allocations.
- Formula blending – As the new funding formulas are phased in there should be a constant check to assess the points at which regular prototype school funding provides equal or greater funding.
- Formula integration – Small schools must continue to be considered in ongoing implementation discussions, such as Core 24 and local levy work group.
- Consider incentives or policy for small high schools to increase student participation in internet or distant learning programs.



# Salary Assumptions

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- The staff in prototypical school categories will be grouped as certificated instructional staff, certificated administrative staff and classified staff for salary purposes.
- Initial funded salaries will not change.
- Future changes are dependent upon legislative adoption of any compensation workgroup recommendations.



# Transition of Formula: Hold Harmless

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- SHB 2776 states that the Legislature intends that funding shall not be decreased below current levels.
  - Per-pupil basic education funding
  - Funding streams are discretely held harmless
- All hold harmless calculations will be performed at the aggregate school district level.





# Open Technical/Policy Issues

Item	Group
Are Parent Involvement Coordinators CIS or CLS?	FFTWG
Funding algorithm for high poverty schools	FFTWG
MSOC enhancements for CTE, Skills Centers, Laboratory Science, and small school district students.	FFTWG
Is the Lab Science class size reduction for grades 9-12 only or does it include grades 7-8?	FFTWG
Need to develop a new funding formula that incorporates complexity enhancements for the Learning Assistance Program?	Sub-Group of FFTWG
Need to develop a new funding formula that incorporates complexity enhancements for the Transitional Bilingual Program?	Sub-Group of FFTWG
What amount does the QEC recommend for MSOC for categorical programs?	QEC



# OSPI - Implementation Timeline

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## **Tools & Training**

- A projection model is available on OSPI's website to project the new funding model at the school and district level.
- OSPI will start training late summer and early fall throughout the state on the structure and implications of the new funding model.

[www.k12.wa.us/safs/INS/2776/2776.asp](http://www.k12.wa.us/safs/INS/2776/2776.asp)



# Conclusion

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- SHB 2776 implements a dramatically new funding formula that will drive the funding discussions around K-12 in the years ahead.
- Full implementation will require annual funding improvements based upon future legislative policy decisions.





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# Questions & Answers

# Model Walk Through

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- A live walk through of beta models to:
  - Gain a working understanding of the new funding model.
  - Perform funding projections for their districts/schools using the new funding algorithm.
  - Meet the requirements under ESHB2261 to post school building expenditure information.
  - These models will be available on the School Apportionment website under a SHB2776 Link on left margin.

